



Single Family Lending Program Bulletin

January 29, 2013

Program Bulletin #2013-02

To: CalHFA Approved Lenders

HUD Grants Transition Relief for California Homebuyer's Downpayment Assistance Program (CHDAP)

The California Housing Finance Agency (CalHFA) is pleased to announce that it is reinstating its CHDAP Program effective immediately, and is now accepting reservations for new CHDAP subordinate loans that are combined with FHA-insured first mortgage loans.

HUD has granted Housing Finance Agencies (HFAs), including CalHFA, transition time to comply with HUD's implementation of its recent rule interpreting a provision of the Housing and Economic Recovery Act of 2008, which governs the ability of HFAs to provide down payment assistance on loans combined with FHA-insured first mortgages.

This transition time allows CalHFA to continue to pursue solutions that will be consistent with FHA statutory requirements. HUD's transition relief is temporary. HUD is allowing lenders to fund directly, and be reimbursed after closing by HFAs, but any CHDAP loans funded in this manner must close prior to June 1, 2013 or the first mortgage loans may be uninsurable by FHA. On and after June 1, 2013, HUD will require CalHFA to fund its CHDAP loans directly at closing. Until that time, CalHFA lenders will follow normal procedures and fund CHDAP loans at closing, before sending them to CalHFA for purchase. Again, CalHFA is working on developing a solution to comply with this HUD requirement which will allow homebuyers to continue to utilize CHDAP assistance.

In addition, because of HUD's transition relief, CalHFA will not require lenders to execute liability waivers to fund or process existing CHDAP loans in the pipeline as previously required in Bulletin #2013-01.

CalHFA's Single Family Division thanks you for your business and we look forward to continuing to support your affordable housing loan needs. For questions about this bulletin, contact the CalHFA Single Family Division by phone 916.326.8000; fax 916.327.8452; or email sflending@calhfa.ca.gov. In addition you can always visit CalHFA's website at: www.calhfa.ca.gov or Single Family Lending at www.calhfa.ca.gov/homeownership.